

Message Text

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PAGE 01 GENEVA 06126 041903Z

63

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SUBJECT: CONSLUSION OF COMMITTEE ON TUNGSTEN-NINTH SESSION

REF: GENEVA 6070

1. JULY 30 MORNING SESSION DEVOTED TO DISCUSSION AGENDA
ITEMS 3 AND 4. US STATEMENT EXPRESSED VIEW THAT REGULAR
EXCHANGE OF MAXIMUM POSSIBLE INFORMATION WAS IMPORTANT KEY TO
ACHIEVING GREATER STABILITY IN TUNGSTEN PRICES AND EXPRESSED
SATISFACTION WITH QUESTIONNAIRE PREPARED BY SECRETARIAT FOR
DISTRIBUTION TO GOVERNMENTS, REQUESTING INFORMATION ON
TUNGSTEN PRODUCTION, CONSUMPTION, STOCKS, ETC. US DEL ALSO
EXPRESSED SUPPORT FOR SECRETARIAT PROPOSAL THAT IT WOULD BE
USEFUL TO HAVE MEETING OF COMMITTEE'S STATISTICAL WORKING PARTY
IMMEDIATELY PRECEEDINGS NEXT COMMITTEE SESSION IN LATE 1976.
STATISTICAL GROUP WOULD HELP COORDINATE AND ANALYZE
QUESTIONNAIRES RETURNED BY GOVERNMENTS FOR REPORT TO THE
COMMITTEE. MANY CONSUMING AND PRODUCING COUNTRIES,
UNCLASSIFIED
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PAGE 02 GENEVA 06126 041903Z

EXCEPT PRC, SPOKE FAVORABLY TOWARD MAXIMUM EXCHANGE OF
INFORMATION AND POSSIBLE MEETING OF STATISTICAL GROUP.

US ALSO SUGGESTED IN NEW INITIATIVE UNDER ITEM 3 THAT SECRETARIAT EXPLORE POSSIBILITY OF INCREASING THE FREQUENCY OF COUNTRY REPORTING AND SECRETARIAT PUBLICATION OF TUNGSTEN PRODUCTION-CONSUMPTION DATA TO SUPPLEMENT QUARTERLY PUBLICATION OF STATISTICAL BULLETIN.

2. ON ITEM 4 SEVERAL COUNTRIES SPOKE ABOUT LACK OF ADEQUATE PRICE DATA AND OFFERED TECHNICAL SUGGESTIONS ON HOW SOME IMPROVEMENTS MIGHT BE MADE BUT MOST SPEAKERS CLEARLY AT A LOSS FOR REALLY NEW IDEAS. IT WAS GENERALLY AGREED THAT GOVERNMENTS SHOULD STUDY MATTER FURTHER AND SUBMIT VIEWS FOR NEXT SESSION.

3. AFTERNOON OF 30 AND ALL DAY 31ST WERE TAKEN UP BY MEETING OF CONTACT GROUP APPOINTED BY CHAIRMAN. GROUP CONSISTED OF 5 PRODUCERS: AUSTRALIA, BOLIVIA, CANADA, PERU, THAILAND, AND 5 CONSUMERS: FRANCE, JAPAN, SWEDEN, U.K. AND USA. USDEL ACTED AS CHAIRMAN OF CONSUMER CAUCUS AND SPOKESMAN IN CONSUMER CONTACT GROUP.

4. IN CONTACT GROUP, BOLIVIAN DELEGATE CONTINUED IMPASSIONED STATEMENTS CALLING FOR IMMEDIATE ACCEPTANCE OF CONCEPT OF INTERGOVERNMENTAL PRODUCER/CONSUMER COMMODITY AGREEMENT FOR TUNGSTEN UTILIZING A SYSTEM OF MINIMUM AND MAXIMUM PRICES. USDEL REPLY TERMED THIS IDEA PRE-MATURE AND UNACCEPTABLE. FOLLOWING LENGTHY DISCUSSION, CONSUMER ARGUMENT PREVAILED THAT TOO MANY TECHNICAL AND ECONOMIC QUESTIONS REMAINED UNRESOLVED TO PERMIT ACCEPTANCE OF FEASIBILITY OF PRODUCER/CONSUMER ARRANGEMENT AT THIS TIME.

5. DISCUSSION WAS BEGUN ON HOW WORK OF COMMITTEE WAS TO PROCEED IF NO AGREEMENT ON PRINCIPLE OF FEASIBILITY WERE POSSIBLE. PRODUCER SIDE OF PROPOSED FORMULATION OF AN AD HOC GROUP LIMITED TO FEW MAJOR COUNTRIES TO DRAFT TERMS OF A COMMODITY AGREEMENT. U.S. LED CONSUMERS IN REJECTION OF THIS AND PUT FORWARD IDEA OF ASKING TUNGSTEN COMMITTEE'S WG TO UNDERTAKE FURTHER STUDY OF COMPLICATED QUESTIONS INVOLVED. SECRETARIAT INTERVENTION ADVISED
UNCLASSIFIED
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PAGE 03 GENEVA 06126 041903Z

DELEGATIONS THAT UNDER GA RESOLUTIONS NO NEW SUBSIDIARY BODIES WERE PERMITTED TO BE FORMED IN 1975 AND THAT CALANDER YEAR WAS VERY FULL THROUGH 1976. THIS CONFIRMED WISDOM OF RECOMMENDING REACTIVATION OF WG OF TUNGSTEN COMMITTEE TO UNDERTAKE WORK ENVISAGED. THIS WAS PUT IN FORM OF REQUEST TO UNCTAD TRADE AND DEVELOPMENT BOARD RECOMMENDING THAT WG BE REACTIVATED AND ARRANGEMENTS BE MADE FOR WG MEETING EARLY 1976 (POSSIBLY JAN-FEB) FOLLOWED BE MEETING OF COMMITTEE LATER IN 1976 (OCT-NOV.). PRODUCERS FOUGHT HARD AGAINST MOTE (QUOTE STUDY) UNQUOTE

AS AGAINST ACTUAL CONSTRUCTION OF AN AGREEMENT BUT FIRM
US POSITION PREVAILED AND SOLUTION FOUND WAS TO AVOID
USE OF OFFENDING WORD IN TERMS OF REFERENCE OF
WORKING GROUP.

6. CONTACT GROUP DEVISED FOLLOWING TERMS OF REFERENCE
FOR THE WORKING GROUP, WHICH WERE SUBSEQUENTLY APPENDED
AS AN ANNEX TO THE REPORT OF THE COMMITTEE:

BEGIN QUOTE

"THE WORKING GROUP, BEARING IN MIND THE SPECIAL
CHARACTERISTICS OF THE TUNGSTEN MARKET; TAKING INTO ACCOUNT
THE SECRETARIAT'S STUDY ENTITLED "FEASIBILITY OF ALTERNATIVE
MEASURES TO STABILISE TUNGSTEN PRICES" (DOCUMENT TD/B/C.1/
TUNGSTEN/14) AND THE INFORMATION SUBMITTED BY THE GOVERNMENT
OF BOLIVIA IN ITS NOTED ENTITLED, "INTERNATIONAL MEASURES
TO SET THE BASIS FOR AN INTERNATIONAL TUNGSTEN AGREEMENT"
(TD/B/C.1/TUNGSTEN/L.5); AND TAKING INTO ACCOUNT THE VIEWS
EXPRESSED BY GOVERNMENTS AT THE NINTH SESSION OF THE
COMMITTEE RELATIVE TO ALL ASPECTS OF THE PROBLEM OF
BRINGING ABOUT GREATER STABILITY IN THE WORLD TUNGSTEN
MARKET, SHOULD:-

"(A) IDENTIFY AND EVALUATE THE PRACTICAL, ECONOMIC
AND TECHNICAL ASPECTS OF PROPOSALS WHICH COULD BE
INCORPORATED IN AN INTERGOVERNMENTAL PRODUCER/CONSUMER
ARRANGEMENT WITH SPECIAL EMPHASIS ON THE FEASIBILITY OF
PROPOSALS BASED ON A SYSTEM OF MINIMUM AND MAXIMUM
PRICES FOR THE COMMODITY; AND PROPOSALS WHICH WOULD
PROVIDE A SYSTEM OF EXCHANGE OF NECESSARY AND TIMELY DATA
FOR THE PURPOSE OF IMPROVING UNDERSTANDING OF THE MARKET
AND GREATER STABILITY OF PRICES. IN CONSIDERING A SYSTEM
OF MINIMUM AND MAXIMUM PRICES, THE WORKING GROUP SHOULD
UNCLASSIFIED
UNCLASSIFIED

PAGE 04 GENEVA 06126 041903Z

GIVE PARTICULAR ATTENTION TO AND MAKE RECOMMENDATIONS,
AS APPROPRIATE, ON:

(I) DEFINITION OF THE BASE PRODUCT(S);
(II) APPROPRIATE PRICE INDICATOR;
(III) APPROPRIATE MECHANISMS TO DEFEND MINIMUM
AND MAXIMUM PRICES;
(IV) ANY OTHER FACTORS RELEVANT TO THE SUCCESSFUL
OPERATION OF A SYSTEM OF MAXIMUM AND MINIMUM
PRICES;
(B) DRAW UPON AS WIDE A RANGE OF ADVICE AS NECESSARY,
IN PARTICULAR FROM ALL SECTORS OF THE TUNGSTEN INDUSTRY;
(C) CARRY OUT ITS WORK AS EXPEDITIOUSLY AS POSSIBLE
AND REPORT TO THE NEXT MEETING OF THE COMMITTEE ON
TUNGSTEN." END QUOTE

7. OTHER SIGNIFICANT CONCLUSION OF COMMITTEE WAS TO
PROPOSE THAT STATISTICAL WORKING GROUP BE CONVENED
CONCURRENTLY WITH THE EARLY STAGES OF THE SESSION CONTAINED

COMMITTEE ON TUNGSTEN TO CONSIDER THE INFORMATION CONTAINED IN THE QUESTIONNAIRE RETURNED BY GOVERNMENTS TO THE SECRETARIAT. CONCURRENT TIMING WAS NECESSITATED BY EXTREMELY TIGHT SCHEDULE OF MEETINGS FOR 1976.

8. FROM CONSUMER POINT OF VIEW, NINTH SESSION WAS SUCCESSFUL IN ONCE AGAIN POINTING OUT NEED FOR STUDY OF TECHNICAL PROBLEMS OF TUNGSTEN MARKET PRIOR TO DECISION ON FEASIBILITY OF ANY INTERGOVERNMENTAL COMMODITY ARRANGEMENTS. PRODUCERS RETREATED AT LAST MINUTE AND WITH GREATEST RELUCTANCE FROM INSISTANCE THAT COMMITTEE GIVE IMMEDIATE ENDORSEMENT TO PRINCIPLE OF COMMODITY ARRANGEMENT AND FROM POINT OF VIEW OF ANY PRODUCING DELEGATIONS WITH FIRM INSTRUCTIONS TO THIS EFFECT COMMITTEE SESSION MUST BE SEEN AS LESS THAN A SUCCESS. AS BROAD TECHNICAL STUDIES BEGIN TO APPROACH POINT OF DIMINISHING RETURNS, HOWEVER, DAY OF DECISION FOR CONSUMING COUNTRIES ON WHETHER TO BE DRAWN INTO PRODUCER EFFORT TO DRAFT POSSIBLE PROVISIONS FOR SOME KIND OF COMMODITY ARRANGMENT WILL GROW EVER CLOSER. DALE

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